

INFORMATION REQUEST – LEGISLATIVE FINANCE COMMITTEE

Agency: DPHHS
Division/Program: Senior and Long Term Care Division
Subject: Retention of Direct Care Staff at Veterans Homes
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Date: September 23, 2005

The Senior and Long Term Care Division has the oversight responsibility for the two state operated veterans nursing homes in Montana. As such, we have continued to work diligently to make inroads in the recruitment and retention of direct care staff at these facilities. The Eastern Montana Veterans Home (EMVH) in Glendive is a contracted facility and recruitment and retention of direct care staff is the contractor's responsibility under their contract for the operation of the facility. The Montana Veterans Home (MVH) in Columbia Falls is state owned and operated and as such the management of these staff resources are the direct responsibility of the State. The 2005 legislature directed the Department to aggressively pursue options to resolve the problem of recruitment and retention of staff for the Montana Veterans' Home, including consideration of such options as moving to pay plan 20, innovative education plans to promote advancement of staff, and partnership with the university system to provide local education opportunities for direct care staff.

The following summarizes the efforts that the Department has undertaken to date to resolve the issues related to recruitment and retention of direct care staff at the Montana Veterans' Home.

Broadband Pay (Pay Plan 20)

The Senior and Long Term Care Division has pursued the movement of Registered Nurses and Licensed Practical Nurses at the Montana Veteran's Home (MVH) to the Broadband Pay Plan (PP 20) in an attempt to address RN and LPN staff salaries and promote recruitment and retention. These positions have previously been adjusted through a pay exception process in order to be competitive. Broadband Pay Plan permits greater pay flexibility based on job content, competency, market salary data, and situational pay, with less emphasis on position classification. The MVH facility has pursued these changes in pay structure through negotiations with the MNA and MEA/MFT associations and we believe that we have agreement with both of these unions to move to this pay plan effective October 1, 2005. In addition we have proposed changes in the scheduling in order to be more flexible and competitive and have pursued a 12-hour shift option with rotating weekends off to further our recruiting efforts as part of this labor negotiation process.

- Job profiles for Registered Nurses at MVH have been submitted and classified at pay band 6. The following table shows the Department's proposed occupational pay range for the Registered Nurses under Pay Plan 20.

Pay Band	Minimum	Market	Maximum
6	\$32,886	\$41,108	\$49,330
Hourly Rate	\$ 15.81	\$ 19.76	\$ 23.72

This occupational pay range is based on the State Personnel Division's 2004 Registered Nurse Market Analysis.

- Job profiles for Licensed Practical Nurses at MVH have been submitted and classified at pay band 3. The following table shows the Department's proposed occupational pay range for the LPN class in pay band 3 under Pay Plan 20.

Pay Band	Minimum	Market	Maximum
3	\$21,935	\$27,419	\$32,903
Hourly Rate	\$ 10.54	\$ 13.18	\$ 15.82

This occupational pay range is based on the State Personnel Division's 2004 Licensed Practical Nurse Market Analysis.

The Department studied the labor market data for both Registered Nurses and Licensed Practical Nurses in Montana as well as the greater Flathead, Montana area. The MVH proposes to make wage adjustments, which reflect the nature of the competitive labor market in the area, through a combination of market adjustments and Legislative appropriated increases. The Department believes these adjustments are necessary because of the difficulties MVH is experiencing in recruiting and retaining qualified RN's and LPN's. Currently at the MVH, several RN and LPN positions remain unfilled.

- The Department has proposed to increase the base salary for all Registered Nurses in the bargaining unit by \$2.47 per hour effective the first full pay period after the positions transfer into the Broadband Pay Plan. In addition, the staff will receive the legislatively approved pay increases for the biennium. To further address the recruitment difficulties MVH is experiencing for RN positions, the Department has proposed to advertise a starting rate of \$19.04 per hour for MVH Registered Nurses who are new to state government. Because this is significantly higher than the published statewide minimum of \$15.81 per hour, it should have an immediate impact on recruitment of Registered Nurses at MVH. The Flathead Valley average for RN's is currently \$19.16 utilizing direct care wage survey information.
- The Department has proposed to increase the base salary for all Licensed Practical Nurses in the bargaining unit by \$1.60 per hour effective the first full pay period after the positions transfer into the Broadband Pay Plan. In addition, MVH will grant the equivalence of the statutory increases for the biennium. To further address the recruitment difficulties MVH is experiencing for LPN positions, the Department has proposed to advertise a starting rate of \$13.60 per hour for MVH Licensed Practical Nurses who are new to state government. Because this is significantly higher than the published statewide minimum of \$10.54 per hour, it should have an immediate impact on recruitment of Registered Nurses at MVH. The Flathead Valley average for LPN's is currently \$14.44 utilizing direct care wage survey information.
- The Department has not proposed to increase the base salary for Certified Nursing Assistants as this is not currently an area where the facility is experiencing recruitment and retention difficulties and the salary is competitive with the Flathead valley average for Certified Nursing Assistants.

The total estimated personal services cost of implementing the movement to Broad Band Pay for the RN's and LPN's is approximately \$109,539. The Division is hopeful that these increases in wages will help in retention of current staff and that the increased entry wage will encourage more individuals to come to work for the facility. In the future, the Department may consider implementing other components of the Broadband Pay Plan to further our recruitment and

retention efforts as resources permit. We continue to monitor the use of high cost agency based nursing staff and hope that we will see a decline in this area if more staff can be hired and retained. The Legislative Finance Committee can assist by supporting funding in future bienniums to assist the facility in sustaining the increased budget for personnel services under the Broadband Pay Plan 20.

Federal State Veteran Home Nurse Recruitment and Retention Legislation

On November 30, 2004 President George W. Bush signed the H.R. 3936 into law. Contained in H.R. 3936, Title II, Section 201 is an allowance to provide assistance for hiring and retention of nurses at State Veterans Homes. A State may use funds to promote an employee incentive scholarship program or other employee incentive program at a State home designed to promote the hiring and retention of nursing staff and to reduce nursing shortages at that home. The assistance must take into consideration the need for flexibility and innovation.

Montana has had representation on the national committee that was formed to put forth ideas on how these grant funds could be used by state veterans homes. We are very interested in pursuing these grant funds after the rules and the application process are finalized.

The maximum federal grant payment will be equal to, two percent (2%) of the State Homes annual per diem payment. The two percent (2%) will be calculated on Federal fiscal year, October – September. A Home must have a twelve (12) month VA Per Diem history to be eligible to apply for grant funds. Payment for the nurse hiring and retention assistance program (NHRAP) may not exceed fifty percent (50%) of the cost for a fiscal year. The State must provide the remaining fifty percent (50%) All funds must be expended in the approved fiscal year. Unexpended funds from this section must returned.

Based on the 2004 Federal fiscal year data Montana's state veterans homes maximum federal grant amounts are as follows:

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| ➤ Montana Veterans Home (Columbia Falls) | \$38,177.56 |
| ➤ Eastern Montana Veterans Home (Glendive) | \$21,120.90 |

Both homes will be required to provide an equal amount of hard match to be eligible to draw down grant funds under this section. If the State pursues this grant funding we will be required to find the matching funds within existing budgets in order to participate during the current biennium as no separate appropriation was made for this new federal initiative. The Legislative Finance Committee can assist by supporting funding currently and in the future to fund the state share of the match for this grant opportunity directed at nurse recruitment and retention.

The following items are representative examples of what these funds may be utilized for:

- Nursing Scholarships for accredited school
- Nurse Loan Forgiveness Program
- Nurse Faculty enhancement Program
- Sign on Bonuses
- Referral Bonus
- Nurse Refresher Program
- Geographic Differentials
- Incentives for Nurses for Child Care Expenses
- Weekend and AM Differential Incentives

- Travel Assistance
- Relocations Assistance
- Vacation Buyout

Direct Care Wage Increase

The 2005 Montana legislature authorized the Department of Public Health and Human Services to distribute to nursing facilities an additional amount for wage and benefit increases for direct care workers in nursing homes. The legislature mandated that these funds are to be utilized by facilities to provide for increases in wages and benefits for direct care workers, especially those that traditionally earn lower wages or are hard to recruit and retain based upon the wage scales paid. The legislature intends that direct care salaries be raised 75 cents an hour and that benefits be raised 25 cents an hour. If the appropriation is insufficient to cover the full amount of intended increases, the lowest paid direct care worker wage rates must be increased first. Should the benefits not cost the facility 25 cents per hour, the wages should be increased accordingly to meet the intent of a \$1.00 per hour wage increase for direct care workers in nursing facilities.

Under this initiative, DPHHS will pay Medicaid certified nursing facilities located in Montana including both State Veterans Homes an additional amount as an add-on to their computed Medicaid payment rate, to be used only for wage and benefit increases for direct care workers in nursing homes. The department has determined a \$5.39 per day add-on payment, commencing July 1, 2005, as a pro rata share of appropriated funds allocated for increases in direct care wages and benefits. This amount will be in addition to the computed formula rate that is established for each facility on July 1 of the rate year using the price based reimbursement methodology. The two state veterans homes will receive these funds in the form of Medicaid reimbursement based on Medicaid utilization at each facility.

- At the Eastern Montana Veterans Home, under contract with Glendive Medical Center, the average CNA wages were increased from \$9.42 to \$10.24 before benefits, and the average entry level wage for CNA's increased from \$8.16 to \$8.91 as a result of this direct care wage initiative. Glendive Medical Center provided additional funding from its operating budget for personnel services in order to supplement the appropriated dollars in order to provide the 82-cent increase before benefits to CNA's. Glendive Medical Center increased wages by 69-cents for LPN's and \$1.48 for RN's from its operating budget for personnel services.
- At the Montana Veterans Home, the staff are state employees and the CNA's, LPN's, and RN's are scheduled to receive a state wage increase for employees effective 10/1/05. This wage increase is already funded in the base, and represents an increase of 3.5% or \$1,005 whichever is greater. These increases are already included in the appropriated dollars for personal services at this facility and are not in addition to the funding appropriated.

Other recruitment and retention activities:

- **CNA Training** - The Montana Veterans' Home has hired 8 potential CNA's that will be trained on our campus for three weeks starting September 26, 2005. These employees will receive free training and books plus get paid for their training time. During their training time they will be paid at Grade 6 level (\$6.845/hr). Upon completion of the class and receipt

of certification documents, they will be paid at Grade 8 level (\$8.75/hr) if they are hired by the facility.

The facility training cost will be:

Salaries	\$6,571
Benefits	\$2,058
Total	\$8,629

The advantage for the facility to incur these costs is the exposure to the facility that the trainees receive during the training session, and the opportunity to hopefully retain a pool of trained staff after the session is completed to work in the facility. In addition the perception of the facility has greatly improved in the eyes of the local community for helping people to attain education and employment opportunities as well as addressing the needs of the facility

- **MVH Retention Committee meetings** - The facility has worked to develop a specific committee geared at addressing the retention needs at the facility. The MVH retention committee has the following goals: improve employee morale, recognize staff efforts and performance, and have fun and establish camaraderie. This includes promoting employee of the month, holiday potlucks, Christmas Gift Certificates, monthly meals for shifts, contests, etc. Periodic functions to help fund meals, gifts, etc. There are nine volunteer employees that meet monthly. Supervisors are active by nominating employee of the quarter and organizing recognition parties.
- **MVH Employee Survey** – The facility pursued an employee survey aimed at assessing the level of employee satisfaction and identifying areas where improvements could be made to promote employee satisfaction.

The Division's goal would be to reduce overtime and call off of staff as well as reduce the need to utilize agency based staffing to meet the ongoing staffing needs at these facilities, but the realities of the direct care situation are that there is a shortage of nursing staff in the Flathead area. Even with increases in wages to be more competitive and efforts to motivate staff we may find ourselves in the position of not being able to find enough qualified licensed staff to fill all of the vacancies that exist in the area. The Division will continue to work with the State Veterans Homes to find other innovative ideas and resources to promote recruitment and retention of direct care staff.